

CORRECTED FISCAL NOTE

SB 386 - HB 1072

April 17, 1997

SUMMARY OF BILL: Exempts *wireless cable television services (multi-point distribution service / multi-channel multi-point distribution service)* from the sales tax. The exemption applies to services only when purchased from a wireless cable company. The provisions of the bill apply to taxable events occurring on or after May 16, 1989. Such services were rendered exempt from local sales tax by the Federal Telecommunications Act of 1996, which was effective February 8, 1996.

ESTIMATED FISCAL IMPACT:

On February 25, 1997 we issued a fiscal note on this bill which indicated that:

The impact of this bill is an increase in one-time state expenditures (for refunds) exceeding \$1,000,000. The impact is also estimated to be foregone one-time revenues to state and local governments of \$623,000 and \$233,000, respectively, from audit assessments which would not be collected under the provisions of this bill. In addition, there would be a decrease in state revenues exceeding \$2,100,000 since tax would no longer be collected on estimated sales of \$35.6 million.

Based upon additional information provided to us by the Department of Revenue, the estimated fiscal impact of this bill is:

Increase State Expenditures - Exceeds \$100,000 One-Time

Decrease State Revenues - Exceeds \$60,000

Decrease Local Govt. Revenues - Exceeds \$22,000

Other Fiscal Impact - Forego State Revenues - \$64,000 One-Time

Forego Local Govt. Revenues - \$38,000 One-Time

Assumes an increase in state expenditures for refunds of the sales tax collected, since the provisions of the bill are retroactive.

Assumes one-time foregone state and local sales tax revenues which were identified in an audit that is pending and which would not be collected under the provisions of this bill.

Assumes a decrease in state and local sales tax revenues based on current annual sales of wireless cable television services of \$1,000,000.

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.



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